U.S. Air Force Awards $336M Contract to Boeing to Begin Satellite Production

Boeing Space and Communications (S&C), a unit of The Boeing Company [NYSE: BA], has received $336.4 million in funding from the U.S. Air Force to build the first two satellites in the Wideband Gapfiller Satellite (WGS) system. The contract also includes long-lead material for a third satellite. With all options exercised, the contract for up to six satellites has a total potential value of $1.3 billion. WGS is a multi-spacecraft constellation designed to provide improved communications support to America's warfighters.

Boeing Satellite Systems, the satellite-manufacturing arm of Boeing S&C, will build the Boeing 702 model satellites in El Segundo, Calif. The first satellite is scheduled to launch in early 2004, with the second one to follow in 2005.

The January 2001 contract for $160.3 million covered design and advance parts procurement for WGS, a high-capacity satellite communications system that will support the warfighter with newer and far greater capabilities than those provided by current systems.

"I'm pleased that we are now beginning production of WGS. Boeing, its industry partners, and the government have worked at a rapid pace in a cooperative, commercial-like acquisition environment to move through many significant milestones leading up to WGS spacecraft production, " said Lt. Col. Brian Magazu, the WGS program manager at U.S. Air Force Space and Missile Systems Center (SMC) in Los Angeles.

"The WGS satellites will provide more than 10 times the capability of the current generation of communications satellites," said Randy Brinkley, president of Boeing Satellite Systems. "As importantly, the WGS program is successfully fulfilling the DoD's efforts to procure systems more quickly and efficiently. The timeliness of this latest success is an endorsement of our team's commercial acquisition approach, and of the advanced commercial technology we will leverage into this program," Brinkley said.

The WGS System Program Office at SMC last year received the Air Force's John J. Welch Award for Excellence in Acquisition Management based on the program office's aggressive pursuit of acquisition-reform strategies including commercial item acquisition methods. The WGS program also successfully passed the preliminary design review milestone last August.

Design will continue through this summer while the team begins producing payload units for integration into the satellite early next year. The ground control equipment is being developed in parallel. The first launch of a WGS satellite will take place aboard a Boeing Delta IV rocket provided by the Air Force through the Evolved Expendable Launch Vehicle (EELV) program.

As WGS prime contractor and overall systems integrator, Boeing leads a team of satellite communications industry leaders. Harris Corp. supplies expertise in terminal and payload interfaces as well as the satellite Ka-band antenna subsystem. ITT Industries is integrating the payload control segment. Northrop Grumman Information Technology is leading the effort in system security engineering. Science Applications International Corp. (SAIC) supports the overall WGS systems engineering effort.

Boeing Space and Communications (S&C), headquartered in Seal Beach, Calif., is the world's largest space and communications company. A unit of The Boeing Company, S&C provides integrated solutions in launch services, human space flight and exploration, missile defense, and information and communications. It is NASA's largest contractor; a leading provider of space-based communications; the primary systems integrator for U.S. missile defense; and a leading provider of intelligence, surveillance and reconnaissance. The global enterprise has customers worldwide and manufacturing operations throughout the United States and Australia.

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